

House Bill 4028
Sponsor: Rep. Andrew Richner
Committee: Land Use and Environment

Complete to 3-1-01

A SUMMARY OF HOUSE BILL 4028 AS INTRODUCED 1-25-01

House Bill 4028 would create a new act to allow a municipality to designate a structure or lot as “blighting property” and to acquire fee simple title in it by purchase, gift, exchange, donation, or condemnation, as follows:

Blighting Property. The bill would define “blighting property” to mean any of the following structures or lots, whether improved or unimproved:

- a structure or lot that was regarded as a public nuisance at common law because of its physical condition or use, or had been declared a public nuisance under the local housing, building, plumbing, or fire codes;
- a structure or lot that was considered an attractive nuisance to children because of its physical condition, use, or occupancy, including, but not limited to, abandoned wells, shafts, basements, and excavations, and unsafe fences or structures;
- a structure that had been designated by the municipal agency responsible for enforcement of the code as unfit for usage because it was dilapidated, unsanitary, unsafe, vermin infested, or lacking in facilities and equipment required by the housing code of the municipality;
- a structure or lot that was a fire hazard or was otherwise dangerous to the safety of persons or property;
- a structure from which the utilities, plumbing, heating, sewerage, or other facilities had been disconnected, destroyed, removed, or rendered ineffective so that the property was unfit for its intended use;
- a structure or lot that had become a place for the accumulation of trash or debris, or a haven for rodents or other vermin, because of neglect or lack of maintenance;
- a residential structure that was vacant and had not been rehabilitated within one year of the receipt of a “notice to rehabilitate” from the appropriate code enforcement agency;
- a nonresidential structure that had not been rehabilitated within one year of the receipt of a “notice to rehabilitate” from the appropriate code enforcement agency.

Public Hearing. Under the bill, a municipality that proposed to designate a property as blighting property would have to provide a thorough title search to identify all those with a legal interest in the property, and provide notice of hearing in all of the following ways:

- By registered mail, with address correction requested, to all with a legal interest in the blighting property, including but not limited to the legal owners of the property, those to whom taxes were levied, and all lienholders. The notice would be required to include an explanation of any incentives the municipality had adopted to encourage the donation of blighting property.

- By posting a notice on the property and delivering a copy to the occupant or occupants. The notice would have to be in graphic form and of a sufficient size to draw attention.

- By placing the property on a proposed blighting properties list that was readily available for inspection by the public.

House Bill 4028 specifies that a person with a legal interest in the property could contest the proposed designation at the hearing.

Condemnation. If the municipality determined after the hearing that the property was blighting property, it could offer to purchase it at the fair market value, or to acquire the property by donation or exchange. If the offer was rejected, the municipality could institute proceedings under the power of eminent domain, in accordance with the laws of the state or the provisions of any local charter relative to condemnation.

Donation of Blighting Property. Under the bill, a municipality could, by ordinance, adopt any of two incentives to encourage the donation of blighting property:

- Forgiving some or all fees or fines related to the property that the owner owed to the municipality.
- Adoption of a special tax deduction for property owners.

The bill specifies that the owner of a blighting property who received incentives from a municipality under this provision would be required to first offer the property to the municipality. If the municipality declined the property, the owner could donate it to an economic development corporation, downtown development authority, tax increment finance authority, or other nonprofit organization.

Transfer to Developer. The bill specifies that a municipality could transfer a blighting property it acquired to a developer, after the municipality developed and adopted a development plan for the rehabilitation of any blighting property that it had acquired by purchase, gift, exchange, donation, or condemnation; and after requiring guarantees of the developer's financial ability to implement the development plan.

The bill would specify that the powers granted under the bill would be in addition to powers granted to municipalities under the statutes and local charters. Further, the bill would specify that nothing in the bill could be construed to amend or repeal any of Public Act 18 of 1933 (Extra Session) (MCL 125.651 to 125.709c), which allows local governments to establish housing commissions, or of Public Act 344 of 1945 (MCL 125.71 to 125.84), which allows local governments to rehabilitate blighted property.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.